

FY2021 CDBG Applicants' Workshop Neighborhood Revitalization Session



February 12, 2021

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Look familiar???

























One tool that can help.....CDBG

- ❑ Community Development Block Grant (CDBG) enacted by Congress as Title I of Housing and Community Development Act of 1974
- ❑ The primary objective of CDBG is “the development of viable communities through improvement of living conditions, housing and the expansion of economic opportunities in cities and counties, principally for persons of low-and moderate income.”

CDBG

- Local governments can implement a broad range of activities as long as they further the National Objectives of the Act
- National Objectives are:
 - Majority benefit to low and moderate income persons through services and job creation
 - Prevention or elimination of slums and blight
 - Meeting urgent needs that pose a threat to the health and welfare of the community

CDBG Annual Competition

Funding Limits

Single Activity CDBG (Annual Competition)		\$750,000
Employment Incentive Program		
Redevelopment Fund Program		
Multi-Activity	-----	\$1,000,000

CDBG Annual Competition

Electronic submission through DCA's
GrAAM System

Application Due Date:

June 4, 2021

CDBG Annual Competition

What's New for 2021?

- ***ELECTRONIC SUBMISSION OF APPLICATIONS (CDBG and RAS)***
- **A *proposed* change in the CDBG Method of Distribution that provides 10 Bonus points for CDBG projects that align with state priorities: Housing, Water and/or Sewer applications (includes Multi Activity and MAY include Multi Infrastructure)**
- **Public Hearing to discuss all MOD proposed changes will be held Monday, February 5th. See dca.ga.gov for webinar details**

CDBG Annual Competition

What's New continued:

Reminder of changes still in place from last year:

- ***Change in Eligibility for GICH Communities:***

DCA will allow an exception to the “every other year” rule for communities that are “Certified Alumni” of the GICH program, as well as communities active in the three-year program.

CDBG Annual Competition

What's New continued:

- ***Raised limit*** of the amount allowable for the rehabilitation of MHU's to \$10,000 (including CDBG funds AND owner/other contributions) for MHU units.
- ***Financial Plan Form*** is now a pdf with formulas.
- ***Water Sewer Dashboard Rates*** below .8 % (of average MHI) will result in reduced need score (threshold formerly .7%).

CDBG Neighborhood Revitalization

- Types of Grants
 - **Single Activity:**
 - Housing Activities Only
 - Infrastructure Activities Only
 - Public Building Only
 - **Multi-Activity:**
 - Housing PLUS Infrastructure and/or Building Activities

CDBG Neighborhood Revitalization

Assessing Needs

What are the needs community wide?

The required Public Hearing is the opportunity for citizen input

Are there concentrations of substandard housing? Are there Infrastructure needs?

Determine the project area (TARGET AREA)

Single Activity Neighborhood Revitalization

- **Addresses Housing Activities**
- **May Include Several Activities**
 - **Rehabilitation**
 - **Reconstruction**
 - **Acquisition**
 - **Relocation**
 - **Demolition/Clearance**

Single Activity Neighborhood Revitalization

Who May Receive Assistance?

- **Individual or Family Home-Owners (Owner Occupants)**
- **Investor Owners (Rental Units).**
- **Occupants must meet Low-Moderate Income definition**
- **Must possess clear Deed to property.**
 - **“Life Estate” agreement is OK**
- **Properties must be within Applicant Jurisdiction**

Single Activity Neighborhood Revitalization

Eligible Activities:

- Rehabilitation – To repair and/or bring to Code/Program Property Standards existing substandard housing unit.
- Reconstruction – Where unfeasible to Rehab - Demolish and construct new unit on same site – *Owner Occupied ONLY.*

Single Activity Neighborhood Revitalization

Eligible Activities

- Acquisition - of Real Property
- Disposition – Costs Incidental to Disposing of Property Acquired with CDBG Funds
- Code Enforcement – but...

Single Activity Neighborhood Revitalization

Eligible Activities

- Clearance – Of Dilapidated Structures, out-buildings, etc.
 - GET OWNER COMMITMENT –in writing
- Interim Assistance
- Relocation – Temporary or Permanent
 - Temporary Relocation is NOT mandatory for Owner occupied units
- Removal of Architectural Barriers

Single Activity Neighborhood Revitalization

Eligible Activities

- Home Buyer Assistance

- Down Payment
- Closing costs
- Principle Reduction Payment
- Interest buy-down

NOTE: *DCA policy mandates use of **fixed rate mortgages** on all CDBG funded projects*

Multi-Activity – Maximum \$1,000,000

Multi-Activity: “Comprehensive Neighborhood Revitalization”

- Includes Housing AND Public Facilities Activities
- Inter-related Activities
- Same Target Area
- Comprehensive (Meets all/most of the Needs in the Target Area)

Application MUST show a reasonable distribution of funds between activities

Revitalization Area Strategy (RAS)

- Officially adopt a local Redevelopment Plan in accordance with the Urban Redevelopment Act O.C.G.A. 36-61
- Eligible area of Census Block Group(s) of 20% or greater poverty level.
- Develop strong local partnerships focusing local resources within the Revitalization Area.
- Submit application for designation to DCA.
- Must be designated by DCA through application

Electronic Submission for NEW and Annual Reports *required*

CDBG - Neighborhood Revitalization Application Review Process

- Each application is read and reviewed by the Housing Panel
- Rank and Score based on:
 - Feasibility of Project
 - Strategy Proposed
 - Impact of Project
 - Project Need

Feasibility Considerations

- **How and why the project was chosen – DCA 3**
- **Property Standards to be used**
- **Lead Based Paint (LBP) fully addressed**
- **Outside Funding Sources and Commitments**
- **Program operational Oversight / Experience**
- **Maps and Overview**
- **Selling Your Project**
- **Costs**

Feasibility Considerations

- How and why the project was chosen
 - Provide a compelling narrative that describes the process used to choose the project – Including the required Citizen Participation process
 - Use DCA 3 for this discussion
 - DCA required concentration maps should be the basis for this discussion

Feasibility Considerations

Minimum Property Standards

- **Realistic Local Minimum Property Standards – you determine what standards you want in your community.**
- **Code Violations and Incipient Violations.**
- **First priority should be given to Health, Safety, and ADA accommodation.**

Feasibility Considerations

Lead Based Paint (LBP)

- Lead hazard evaluation is *required* on any structure built before 1978.
- Evaluation services must be performed by an inspector/risk assessor licensed and certified by the State of Georgia.
- Lead hazard control work must be performed by certified contractors who have passed the EPA Renovation, Repair and Painting (RRP) rule safe work practice training.

Feasibility Considerations

Lead Based Paint (LBP)

Be prepared to seek services outside your local area.

- Demonstrate understanding of LBP regulation requirements.
- Lead hazard control can be costly.
Budget 25% of estimated rehab hard cost on ALL budget forms.

Feasibility Considerations

Funding, Partnerships, Other Resources

- Document ownership of EACH unit
- Provide reasonable justification for all costs, and the basis of those costs
- Obtain FIRM, SPECIFIC commitment letters from all partners. INCLUDING HOMEOWNERS
 - Commitments may be conditional on grant award and present income
- Ensure that the commitment letters are issued and signed by authorized individuals
- *Pledges of support without firm commitment letters will not be considered.*

Feasibility Considerations

Funding, Partnerships, Other
Resources

- Indicate how each will be applied, at what point will these funds be released
 - Contractor pay schedule
- General Property Improvements (GPI) are not funded by CDBG
- Secure firm, convincing documentation of participation from investor-owners

Feasibility Considerations

Schedules and Time tables

- Who will provide project oversight?
 - What are their credentials?
- Demonstrate capacity to undertake the project.
- Develop and show a schedule of start and completion dates. Indicate milestones and inspection points.

Feasibility Considerations

Contracting and Construction

The Application must demonstrate understanding of the Rehab process

- Beneficiary eligibility
- “Work Write-Up” and “Scope of Work”.
 - Maximum value rehabilitation!!!!
 - MHU Rehab Limit of **\$10,000** – including owner match
- Qualifying contractors: establish guidelines and criteria.
- Bidding process and bid acceptance protocol.
- Contract negotiations.
- Change Orders protocol.
- Draw Request and approval process.

Feasibility Considerations

Maps and Photos

- **DCA Form 12 instructions spells out what is required for Concentration Maps of the ENTIRE COMMUNITY – not just the TA**
- **You MUST include the required concentration maps from DCA's website**
- **SDS map requirement must be met for HOUSING AND infrastructure projects (MA apps), if applicable**

More on Maps under Strategy

Feasibility Considerations

Maps and Photos

- **DCA Form 12 instructions spells out what is required on TA maps.**
 - **Map should be in common scale**
 - **Show details in the Target Area(s): ALL existing structures (unit map #'s), street names, schools, commercial, etc.**
 - **Photographs must indicate Unit numbers**
 - **Indicate occupancy status of all structures (e.g. Owner occupied, vacant, investor owner/rental, non-targeted structure, non-residential, etc.)**
 - **Indicate type of construction (Stickbuilt/modular or MHU)**
 - **Indicate proposed Activity.**

Feasibility Considerations

Maps and Photos

**Indicate condition of all residential
structures –THREE CLASSIFICATIONS**

- **Standard**
- **Substandard**
- **Dilapidated**

Feasibility Considerations

Maps and Photos

Indicate Occupancy

- Owner occupied
- Renter occupied (Investor owned)
- Vacant

Indicate construction type

- Stick/Site built or Modular
- Manufactured Housing Unit (MHU)

Feasibility Considerations

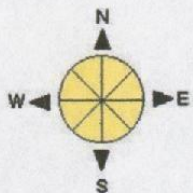
Maps and Photos

- Indicate Proposed Activity

No activity – standard or otherwise explained -
Unaddressed need will not get full points available

- Rehab
- Reconstruction
- Clearance

- INCLUDE FINANCIAL PLAN FORM (EXHIBIT H)



Unit Map Numbers

Street Names











Type of Construction

Project Activity Location

Total Persons.....54
Minority Persons.....54
Percent Minority.....10%

Total Persons.....54
Low and Moderate Income Persons.....52
Percent Low Moderate Income.....96.3%

Total Housing Units.....28
Substandard Housing Units.....21
Percent Substandard.....75%

-  Deteriorated - Rehabilitation Substandard
-  Dilapidated - Reconstruction
-  Vacant Dilapidated - Acquisition and Clearance
-  Vacant Deteriorated - City Code Enforcement
-  Standard (No Action) Substandard
-  Vacant Deteriorated - For Sale (No Action)
-  Heir Property (No Action)
-  Church (No Action) Substandard
-  Stickbuilt
-  MHU

Feasibility Considerations

Maps and Photos (cont.)

- Photographs:
 - Show all 4 elevations
 - Interior and exterior photos should *clearly* represent condition of structure and problems described in narrative
 - Photos should illustrate problems that will be addressed in the scope of work/cost estimate
 - Photos should be captioned describing what the photo is illustrating
 - Be sure to include dilapidated vacant units, usually proposed for acquisition and clearance – if unsafe to enter, be sure to describe conditions in full, and document ownership and owner commitment

Feasibility Considerations

Selling it to DCA

- Exactly *WHERE* the target area(s) is/are located in the community (map).
- Exactly *HOW* this project was chosen.
 - Describe process for choosing this TA (See mapping Req.)
- Exactly *WHAT* will this project achieve.
- Exactly *WHO* will the project impact.
- Exactly *HOW* you will successfully complete the project.

BE SPECIFIC!

Feasibility Considerations

- Financing Technique(s) **BE SPECIFIC**
 - Deferred Payment Loans – discuss terms
 - Leveraged Loans/Interest Buy Downs
 - Who are your partners
- Include participation formula
 - Know your community! Be realistic with participation formula – Get owner commitments in writing

Feasibility Considerations

- Documented confirmation of proposed resources and partners
- Compliance with Applicable Laws
 - Be Sure to address:
 - Sec 3
 - FHEO – AFFH Efforts
 - LEP
 - URA- Acquisition/Relocation/Displacement
 - NEPA- Historic Preservation (SHPO)

Feasibility Considerations

- **Investor Owner Eligibility**
 - **Financing: 50%, DPL at full term (no forgiveness)**
 - **Rent Regulatory Agreement**
- **Timetable for proposed accomplishments**

Feasibility Considerations

- **Unit by unit analysis of proposed activity**
 - **Include per unit cost estimate.**
 - **A Comprehensive Work Write-up for each unit**
 - **Include description of proposed work needed with pictures illustrating problems (exterior and interior).**
 - **Feasibility Test Forms – if applicable**
 - **Complete “Financial Plan” Form (Appendix H)**

Strategy Considerations

- Describe and document severity of problems
- Demonstrate needs in Narrative AND with Pictures
- Alternatives to Strategy
 - Especially true for Multi-Activity infrastructure activities
- Discuss other possible strategies and why the proposed strategy is best for problems described. Inclusion of cost of alternative strategies can demonstrate why the chosen strategy is the best.

Strategy

Considerations

- Describe what steps the community has, or will take, to prevent reoccurrence of the described needs. Be specific
- Include copies of current ordinances and enforcement policies that govern community blight (e.g., Code Enforcement)
 - Include examples of actions taken and results
- Discuss other detrimental conditions to which the community is exposed and efforts being taken to resolve these issues.

Strategy Considerations

- Discuss the financial commitments that the applicant has, or will make, to support and maintain continued area improvements
- Describe how CDBG funds will augment and support other efforts within the community to improve the “livability” of both the target area, as well as, the community at large. *Impact consideration*

Strategy

Considerations

- Marketing of Program
 - Who has expressed interest in Program?
 - How will community interest be generated?
 - Are residents supportive of the program?
 - Document Commitment from Owner
Occupants and Investor Owners!
 - Resident letters
 - Written commitment of participation amounts

Strategy Considerations

Maps

DCA Form 12 instructions spells out what is required on TA maps:

In addition to the TA/Housing maps discussed earlier, the required concentration maps from DCA's website MUST be included

**Request TA if you cannot access the DCA
Mapping tools**

Need Considerations

- **Need for Project**
 - Documented severity of need
 - Photos of all problems described
 - Must support the budget for the proposed activity
 - Describe the effect the proposed project will have on the identified needs, as well as the community as a whole
 - DCA 3 should describe the needs of the entire community
 - DCA 4 describes the need for the chosen Target Area as well as the needs the project will address

Need Considerations

- **Need for Project (Con't.)**
 - **Need score based on described and documented need:**
 - **Critical Health and safety issues**
 - **Moderate Health and safety issues**
 - **Low Health and Safety issues**

Impact Considerations

- **Impact Of Project**

- DCA 5 should propose a plan to address all needs described in DCA 4
 - If a Phased approach is needed to address all needs, the plan should be a well thought out, reasonable, strategic approach to resolving all the identified needs
 - Plans for future phases should include detailed narrative as well as identification of future phases on maps
- Indicate Number of persons who will benefit.
- Overall CDBG Cost per person.

Impact Considerations

- **Impact Of Project**

- Describe the effect a successful project will have on the Target Area and entire community
- 100% of the described need must be addressed – with CDBG funds or with other resources – to gain maximum points
- Other resources/strategies to address needs unmet by CDBG funds must be identified and documented in detail
- Concentration of activity in as small a target area as funding will allow is the ideal, in order to achieve maximum impact in the chosen TA

Successful Strategies

Financial Participation

Owner Participation as Fixed Percentage of Annual Income based on Income Level.

Example:

“Participants whose income is below 30% of AMI are required to pay X% of their annual income”.....

“Participants whose income is between 30% and 50% of AMI are required to pay X% of their annual income”.....

“Participants whose income is between 50% and 80% of AMI are required to pay X% of their income”

Successful Strategies

- **Mandatory Homebuyer Counseling for projects that propose Homebuyer Assistance**
- **Credit Counseling (must be documented)**
- **Employment training**
- **Holistic approach to neighborhood revitalization**
 - **Address issues and concerns along with housing/infrastructure problems**
 - **Discuss how identified problems not addressed with CDBG funds will be addressed – document efforts by other partners or the local government**

Compliance with Regulations

Acquisition must be in compliance with Uniform Relocation Act (URA)

- **For Demo/Clearance – identify owners and get commitment in writing to sell/donate structure up front**
- **Easements for Public Facility Improvements**

Compliance with Regulations

- **Relocation – Permanent**
 - **Uniform Relocation Act (42 months)**
 - **Owner OR Tenant**
- **104(d) “Barney Frank” (60 Months)**
 - **Tenant Only (Rent to Rent)**
 - **One for One Replacement**

Compliance with Regulations

Relocation (con't.)

- **Identify Available Resources**
 - **Comparable Units**
- **Provide Basis for Relocation**
 - **Current vs. available rents rates**

Compliance with Regulations

New Construction Eligibility

- Last Resort
 - No Available Resources Exist
 - Cost exceeds allowable limits:
 - Application must provide credible evidence.
 - Cheaper to build (including land) than purchase.
- Not-for-profit or for-profit developer
 - Approved Community-Based Development Organization.

For Target Areas, be sure to:

Provide a Unit by Unit Analysis

- **Keyed to Map**
- **Picture(s) of Units (Exterior and Interior)**
- **List of Deficiencies for Targeted Units**
 - **Photos should document all needs described in the WWU**

For Target Areas, be sure to:

Provide Target Area Data:

- Total Number of Units**
- Total Number of Substandard units**
- Total Number of Dilapidated units**
- Total Number of Owner Occupied**
- Total Number of Renter Occupied**
- Total Number of Vacant units**

For all units, be sure to:

- Provide Cost Estimates:
 - Keep in Mind that Actual work may be 1 or 2 years away....Budget Appropriately
- Provide reasonable estimates for each unit based on complete walk through
- Budget for Lead Hazard Control.
 - (Program will pay all LBP Costs)

For City or County Wide Programs

- Based on the scoring criteria, this type application may struggle to be competitive
- Describe how units were chosen in a fair and equitable manner
- Provide description of overall housing conditions jurisdiction wide – IMPORTANT

Include an overall assessment of need for Housing improvements and justification for the chosen units.

Other Important things to Do

- Provide Financial Plan!!!
 - In Narrative and on Financial Plan Form Explain formula for Owner Participation Amounts
- The Financial Plan Form (REQUIRED) is a fillable Excel form available for download under “CDBG Applicants’ Materials”

This form should not include PDC's or relocation – those are itemized on DCA 8

FINANCIAL PLAN											
Exhibit H											
Applicant: _____											
Unit #	Name of Owner	Occupant Name (if rental property) indicate if vacant or not	Property Address	Type of Unit (SB, Modular, MHU)	Income	Activity (rehab, recon, Acquisition & Clearance, No Action) Select an activity from the drop-down	CDBG Cart	Owner participation amount *	Total Cart	Lead Hazard Control (25% of Total Cart) (Pre 1978 Rehab only)	Type of Assistance
5											
6									\$0.00		
7									\$0.00		
8									\$0.00		
9									\$0.00		
10									\$0.00		
11									\$0.00		
12									\$0.00		
13									\$0.00		
14									\$0.00		
15									\$0.00		
16									\$0.00		
17									\$0.00		
18									\$0.00		
19									\$0.00		
20									\$0.00		
21						TOTAL:	Rehab	\$0.00	\$0.00	\$0.00	\$0.00
22							Recon	\$0.00	\$0.00	\$0.00	\$0.00
23							Acquisition & Clearance	\$0.00	\$0.00	\$0.00	\$0.00
24	*If Owner participation amount is based on cart of rehab, use cart of rehab only (without Lead Hazard Control cart) to determine required participation amount.										
25	NOTE: Lead Hazard Control should be budgeted only for units constructed PRIOR to 1978 at 25% of total rehab cart.										

This form should not include PDC's or relocation – those are itemized on DCA 8

[illegible]

Don't Forget:

Include House by House Analysis:

- Units keyed to map
- Provide pictures (Exterior & Interior)
- Cost Estimate by Unit
- List of Deficiencies
- Feasibility Test Forms (for Reconstruction)

EXHIBIT "I"

REHAB FEASIBILITY TEST FORM

PURPOSE
(check one)

- ☐ Survey
- ☐ Pre-Inspection
- ☐ During Rehab

OWNER NAME _____

TENANT NAME (if rental) _____

PROPERTY ADDRESS _____

UNITTYPE
(check all that apply)

- Stick Built ☐
- Mobile Home ☐
- Vacant ☐
- Rental ☐

STRUCTURAL FEASIBILITY FOR REHABILITATION

- ☐ 75 percent or more of the existing external walls or floor system of the building are retained in place as external walls or floor support; or
- ☐ At least 50 percent of the building's external walls are retained in place as external walls and At least 75 percent of the building's external walls are retained in place as either external walls or internal walls and at least 75 percent of the building's internal structural framework is retained in place.
- ☐ Building does not meet any of the above.

ECONOMIC FEASIBILITY FOR REPLACEMENT
HOUSING/RECONSTRUCTION

ANALYSIS OF HOUSING ACTIVITIES

COST

- | | |
|---------------------------------------------------------------------------|----------|
| 1. Estimated Rehabilitation Cost (N/A for Planned Reconstruction) | \$ _____ |
| 2. Estimated Acquisition/Demolition/ Temporary Relocation/Relocation Cost | \$ _____ |
| 3. Estimated Reconstruction Cost/ Temporary Relocation | \$ _____ |

CRITERIA FOR PLANNED RECONSTRUCTION

- | YES | NO | |
|--------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. Unit is owner-occupied and "unsuitable for rehabilitation" (based on Structural Feasibility above) |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. The estimated cost of reconstruction (construction of a comparable replacement house on the same property) will be substantially less than the estimated cost to purchase a comparable house (including land) that would be newly constructed in a comparable neighborhood within the community's jurisdiction; and |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. The estimated cost of reconstruction will be less than the fair market value of the property after reconstruction (as determined by obtaining, prior to reconstruction, an appraisal of the projected value of the property including the reconstructed house and land.) |

Select the applicable activity that has the lowest combination of cost:

- ☐ Rehab ☐ Reconstruction ☐ Acquisition/Clearance* ☐ Relocation

*If unit is vacant and slated for Acquisition/Clearance what month/year was unit last occupied? _____

Source of verification: _____

Statutory References

Regulations: 24CFR,570,xxx

Uniform Act: 49 CFR, Part 24

Section 104(d) “Barney Frank”: 24 CFR, Part 42

Lead-Based Paint: 24 CFR, Part 35

Last Resort: 49 CFR, Part 24.404

e-CFR Website

<http://ecfr.gpoaccess.gov/>

LASTLY. . .

**DISCUSS PROPOSED PROJECT
WITH DCA STAFF**

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Questions?

